



# March/15

## FINSOLNET CONSERVATIVE FUND

### ABOUT THE PORTFOLIO

The Finsolnet Conservative Portfolio is a low risk balanced portfolio that aims to deliver superior real returns over the medium to longer term with a strong focus on active management of capital loss risk over the shorter term.

The portfolio is managed on a multi-manager basis and includes international exposure. The strategic allocation to various asset classes is set out below. Each manager appointed within a particular asset class has been selected on the basis of rigorous quantitative and qualitative analysis.

The underlying managers have been selected, mandated, monitored and reviewed by Amadwala Asset Consulting on behalf of their clients.

The portfolio complies with Regulation 28 of the Pension Funds Act, 1956 as amended.

The portfolio is offered on a pooled and unitised basis on the Sygnia Life license.

### PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Large Manager Median (12 Months)
1.3%	15.9%	15.8%	14.4%

### PERFORMANCE COMMENTARY

Risk aversion re-appeared in March on a combination of economic and geopolitical factors, and ongoing concerns about the timing of US interest rate increases, triggering a sharp sell-off of emerging markets. Banks around the world, including Thailand, South Korea, Russia, Serbia, Sweden, India and China, took advantage of lower inflation numbers to ease monetary policy in the hope of stimulating growth.

In the US, the job market continued to recover, but other economic yardsticks were anaemic. However, opinions remain divided as to whether the economy is really slowing down or whether the data merely reflects bad weather-related conditions.

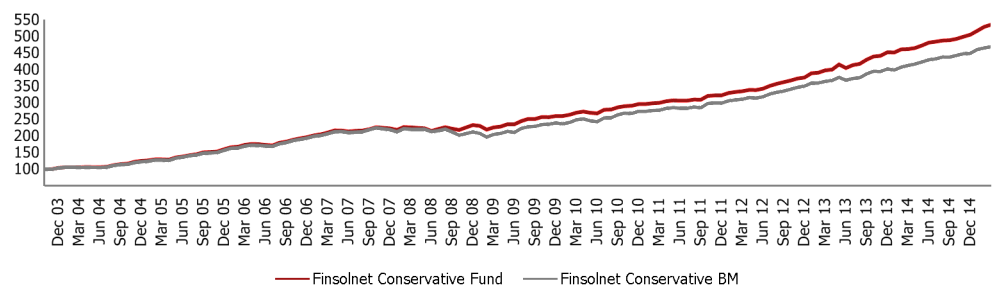
The ECB kicked off its €60 billion-a-month bond buying programme on 12 March. Yields on Italian, Spanish and Portuguese government debt fell to record lows and European stock markets rallied in response.

China joined the wave of global easing by cutting short term interest rates for the second time in three months. In a shock announcement, China set its economic growth target at 7%, the lowest in more than 15 years.

The first half of the month saw significant volatility in markets as the disappointing US and Chinese economic data and the lack of progress on Greece translated into rising risk aversion and a sell-off of resource stocks. The second half of the month benefitted from the US Federal Reserve's announcement that it planned to raise interest rates more slowly because of the unusually fragile condition of the US economy.

On the domestic front, consumer inflation slowed to 3.9% year-on-year, its lowest in four years. The Reserve Bank kept interest rates on hold at 5.75% while raising its inflation forecast for 2015 to 4.8% on the back of higher food, electricity and petrol prices. In yet another reprieve both S&P and Fitch confirmed that South Africa's credit rating is unlikely to be downgraded in June. The FTSE/JSE All Share Index returned -1.3% in March, pulled down by the Resources sector which fell by 8.5%. Financials returned 2.3% and Industrials -0.5%. The bond market fell by 0.5%, while the listed property sector rose by 2.6%. The rand weakened to a 13-year low of R12.18/US\$ on a combination of domestic economic factors, global risk aversion and the strength of the US dollar.

### CUMULATIVE RETURNS



### HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2011</b>	0.0%	0.8%	0.4%	1.6%	0.9%	-0.3%	0.1%	1.1%	-0.1%	3.7%	0.5%	0.1%	<b>8.9%</b>
<b>2012</b>	2.1%	0.9%	0.7%	1.2%	-0.1%	1.2%	2.5%	1.8%	1.4%	1.4%	1.6%	0.8%	<b>16.6%</b>
<b>2013</b>	3.4%	0.5%	1.8%	0.6%	3.8%	-2.6%	2.2%	0.9%	3.0%	2.2%	0.5%	2.4%	<b>20.2%</b>
<b>2014</b>	-0.1%	2.1%	0.2%	0.7%	1.6%	1.8%	0.6%	0.7%	0.2%	0.8%	1.3%	1.2%	<b>11.7%</b>
<b>2015</b>	2.3%	2.3%	1.3%										<b>6.0%</b>

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## FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	65	
	<b>FUND</b>	<b>LMM</b>
Sharpe Ratio	0.84	0.70
Sortino Ratio	1.32	1.00

## RISK ANALYSIS

	<b>FUND</b>	<b>LMM</b>
% Positive Months	76.6%	71.5%
% Negative Months	23.4%	28.5%
Best Month	5.2%	7.3%
Worst Month	-4.8%	-7.7%
Avg Negative Return	-0.9%	-1.7%
Maximum Drawdown	-5.9%	-23.8%
Standard Deviation	5.9%	9.4%
Downside Deviation	3.8%	6.5%

## CORRELATIONS

	<b>FUND</b>	<b>LMM</b>
FTSE/JSE All Share Index	0.80	0.93
BESA All Bond Index	0.39	0.19

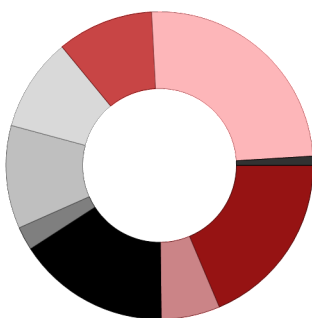
LMM = Global Large Manager Median

## MARKET STRESS MONTHS

	<b>FUND</b>	<b>ALSI</b>
July 2008	2.7%	-8.7%
September 2008	-2.0%	-13.2%
October 2008	-1.7%	-11.6%
February 2009	-4.8%	-9.9%

Proforma performance numbers for periods prior to inception of the portfolio are based on actual performance of the underlying building blocks used in the portfolio. These risk and return numbers are shown to aid in the understanding of potential future performance and risk characteristics of the product.

## ASSET ALLOCATION



- Domestic Equities - 18.6%
- Domestic Property - 6.2%
- Domestic Bonds - 16.0%
- Domestic ILB - 2.5%
- Domestic Cash Plus - 10.8%
- Domestic Money Market - 9.8%
- Domestic Alternatives - 10.1%
- International - 24.8%
- Africa - 1.0%

## PERFORMANCE ANALYSIS

PERFORMANCE	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
<b>Calendar Years</b>			
2009	11.7%	12.8%	-1.1%
2010	13.8%	14.7%	-0.9%
2011	8.9%	9.0%	-0.1%
2012	16.6%	17.1%	-0.5%
2013	20.2%	14.7%	5.5%
2014	11.7%	11.7%	0.0%

### Periodic Performance

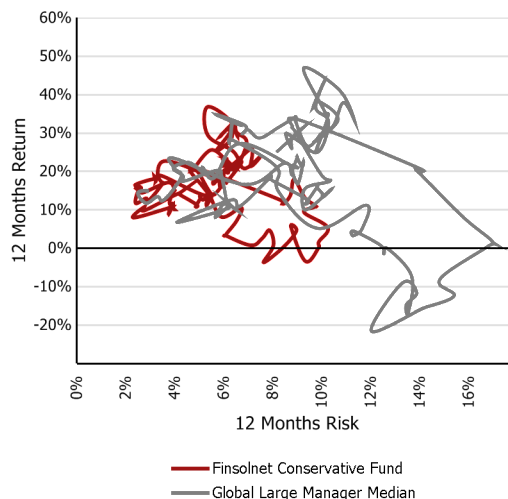
	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
1 month	1.3%	0.8%	0.5%
3 month	6.0%	4.4%	1.6%
6 month	9.6%	7.2%	2.4%
Year to date	6.0%	4.4%	1.6%
1 year	15.9%	13.7%	2.3%
2 year	16.0%	13.4%	2.6%
3 year	16.9%	14.7%	2.2%
5 year	14.6%	13.5%	1.1%

## FUND SENSITIVITY TO EQUITY MARKET



This scatterplot indicates the extent to which fund returns are correlated with those of the equity market.

## 12 MONTHS RISK/RETURN SNAIL TRAIL



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